



DENISE L. NAPPIER
TREASURER

State of Connecticut
Office of the Treasurer

CHRISTINE SHAW
DEPUTY TREASURER

July 1, 2013

The Honorable Dannel P. Malloy
Governor, State of Connecticut
State Capitol Building
Hartford, Connecticut 06106

Dear Governor Malloy

Enclosed you will find the *Annual Report of the Financial Condition of the Second Injury Fund* as required by Section 31-349f of the Connecticut General Statutes.

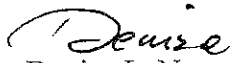
The Second Injury Fund (hereinafter referred to as "the Fund") continues to be financially stable as a result of a strong commitment to prudent fiscal policies implemented during the early years of my administration. The Fund is supported by assessments on Connecticut businesses and 2013 marked the fifteenth consecutive year in which the Fund either reduced or maintained assessment rates - representing an unprecedented achievement in the history of the Fund.

In addition, the Fund achieved several noteworthy accomplishments that produced savings which have been passed along to Connecticut businesses without compromising any benefits due to injured workers.

- First, the Treasury continued its efforts to reduce the long-term unfunded liabilities, which have dropped 51% from \$838 million in 1999 to \$412 million.
- Second, during Fiscal Year 2013 there were estimated savings of more than \$1.7 million in medical costs which will lessen the long term financial burden on Connecticut's businesses.
- Finally, on May 1, 2013, I announced the assessment rate for insured employers will remain at 2.75%, and for self-insured employers the rate will remain at 3.25%, effective July 1.

If you have any questions concerning the financial condition of the Fund, please feel free to call on me or Assistant Deputy Treasurer Maria M. Greenslade at (860) 702-3125.

Sincerely,


Denise L. Nappier
State Treasurer

Honorable Dannel P. Malloy
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cc: Hon. Nancy Wyman, Lieutenant Governor
Hon. Donald E. Williams, Jr., Senate President *Pro Tempore*
Hon. J. Brendan Sharkey, Speaker of the House
Hon. Martin M. Looney, Senate Majority Leader
Hon. John McKinney, Senate Minority Leader
Hon. Joe Aresimowicz, House Majority Leader
Hon. Lawrence F. Cafero, House Minority Leader
Hon. Catherine A. Osten, Senate Chair, Labor & Public Employees Committee*
Hon. Peter A. Tercyak, House Chair, Labor & Public Employees Committee*
Hon. Joe Markley, Senate Ranking Member, Labor & Public Employees Committee
Hon. Richard Smith, House Ranking Member, Labor & Public Employees Committee
Hon. Joseph J. Crisco, Jr., Senate Chair, Insurance and Real Estate Committee
Hon. Robert W. Megna, House Chair, Insurance and Real Estate Committee
Hon. Kevin C. Kelly, Senate Ranking Member, Insurance and Real Estate Committee
Hon. Robert C. Sampson, House Ranking Member, Insurance and Real Estate Committee
Martin J. Dunleavy, Clerk, House of Representatives
Garey E. Coleman, Clerk, Senate

Members of the Second Injury Fund Advisory Board:

*Senator Catherine A. Osten
*Representative Peter A. Tercyak
Lori Pelletier, Chair
Daniel E. Krause
Clifford G. Leach
Joseph McFetridge
Kathleen Santiago
Bonnie Stewart

**ANNUAL REPORT OF THE SECOND INJURY FUND
FOR FISCAL YEAR ENDING JUNE 30, 2013**

As of 06/27/13

1. Estimate of the Fund's unfunded liability as of preceding July first (July 1, 2012):

- A. The unfunded liability of the Second Injury Fund as of **July 1, 2012** had been estimated at **\$420,500,000**.
- B. The unfunded liability of the Second Injury Fund as of **July 1, 2013** is estimated at **\$411,700,000**.

NOTE: The unfunded liability of the Second Injury Fund has been reduced from \$838,000,000 in 1999 to \$411,700,000 in 2013.

	<u># Open Claims</u>	<u>Reserve Value</u>
Claim Inventory 7/1/13	2,843	\$409,200,000
* Estimated Future Claims (FY 2014)	400	<u>2,500,000</u>
Total Estimated Liability as of 7/1/13		\$411,700,000

* Anticipated uninsured employer and concurrent employment claims incurred but not reported as of 7/1/13

2. The effect of settlements and stipulations on the unfunded liability:

During FY 2013 SIF paid 127 settlements at a cost of **\$4,831,349**.

3. The number and actual amount of assessments levied under section 31-354 for the previous fiscal year (FY13):

Category	# of Assessments	Amounts
Insured Employers	4	\$31,584,142 (est)
Self-Insured Employers	4	<u>5,904,471 (est)</u>
Total		\$37,488,613

4. The number and estimated amount of assessments for the coming year (FY2014):

Category	# of Assessments	Amounts
Insured Employers	4	\$29,929,000
Self-Insured Employers	4	<u>5,967,000</u>
Total		\$35,896,000

5. Any recommendation for legislative change to improve the operation of the Fund:

No further recommendations for legislative change at this time.